

CORPORATE OUTLOOK

Fairfield sharpens its focus

Company surprised the market at the time it sold off assets to Magseis, but it was a logical step, explains president Joe Dryer

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WHEN Houston-based Fairfield Geotechnologies announced last November the sale of all its land and marine seismic acquisition technologies and services to Magseis, the Norwegian seabed seismic specialist, it was a startling development, given the history.

As Fairfield Industries, the seismic services company was the pioneer of the use of nodes instead of cable for land and marine seismic-data acquisition and arguably the most successful early proponent of the technology.

In 2010, the company changed its name to FairfieldNodal to reflect the focus of its evolving business. This included the Zland range of land seismic nodes, Z100 for transition zone surveys, the Z700 marine “node on a rope” system for depths up 700 feet (213 metres) and the Z3000 remotely operated vehicle-assisted system, now ZXPLR, for deep-water operations.

In addition, in 2017 the company bought UK-based WGP Group from Thalassa Holdings.

WGP’s main claim to fame has been its continuing role in regular surveys for Equinor’s Valhall permanent reservoir monitoring project initiated in 2003.

The idea of the WGP purchase was to enhance Fairfield’s own ZLoF semi-permanent life-of-field monitoring system.

Changes

A number of changes last year hinted further repositioning to meet the changing landscape of the seismic business.

Last April, FairfieldNodal bought the US multi-client library of the bankrupt Geokinetics geophysical services company, expanding significantly its North American multi-client library from 3532 square miles (9148 square kilometres) in the Permian basin to 10,460 square miles, including coverage in the Appalachian, Powder River and other key US basins.

At the time the move was said to be part of the company’s aggressive growth plans through partnerships and mergers and acquisitions.

The aim was to expand its multi-client data library, data-processing services and capabilities, reservoir analytics, and integrated solutions in order to become a global provider of life-of-field seismic services.

The strategy continued to be played out during the year signalled by another name change, in June 2018, to Fairfield Geotechnologies.

This coincided with the announcement of a partnership with Ikon Science, a rock physics reservoir characterisation company, mainly to leverage the value of its multi-client library, particu-



Challenges: Fairfield Geotechnologies president Joe Dryer
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larly data from unconventional plays.

Joe Dryer, recently appointed president of Fairfield Geotechnologies, regards the ensuing sale of its acquisition business to Magseis as logical rather than surprising.

“This wasn’t just about transitioning to an asset-light model. It was a move in the direction of the consolidation that the industry needs to be profitable. There are excellent prospects for both companies going forward,” Dryer says.

The newly formed Magseis Fairfield now has the lion’s share of the ocean-bottom node (OBN) equipment market and offers a choice of two leading technologies, its own MASS system plus the longer-established Fairfield ZNodal system, which has a track record in basins around the world.

The \$233 million transaction finalised last December works for Fairfield-Maxwell, the parent company of Fairfield Geotechnologies privately owned by the Sugahara family since the 1970s.

As the largest shareholder in Magseis Fairfield, where former Fairfield Geotechnologies chief Chuck Davison serves as chair-

man of the board, Fairfield-Maxwell has a significant continuing stake in the OBN market.

At the time of the sale, Fairfield-Maxwell chairman Byron Sugahara looked forward to the continuing association with marine seismic acquisition and also noted the additional capital available for reinvesting in Fairfield Technologies’ remaining data licensing and processing business.

Competition

Dryer recognises the leadership team, now led by chief executive Chris Sugahara, will be operating in a challenging segment of the seismic business.

“I have for a long time been heading the company’s multi-client activities, so am well aware of the competition from other asset-light companies such as TGS, CGG and WesternGeco. It is really a question of how we differentiate ourselves and also being open to partnerships,” he says.

The company should be well placed to capitalise on its North American onshore data library, which tripled in size when it bought the Geokinetics assets.

Spotting opportunities in the US Lower 48 unconventional plays will be the key for the moment, as survey activity in Canada is currently in abeyance.

Fairfield Geotechnologies already holds more than 6000 square miles in the Permian basin, extending across Culbertson, Reeves, and Loving counties, Texas, as well as Eddy and Lea counties in New Mexico.

In the Delaware basin, its Red Tank multi-client acquisition project added more than 380 square miles to the company’s regional contiguous database.

This month, in partnership with CGG, Fairfield Technologies expects to start a large-scale, 578 square mile wide-azimuth multi-client survey in South Central Louisiana.

The Bayou Boeuf survey will image the Austin Chalk play to provide a better understanding of the formations in an area experiencing renewed industry interest.

Offshore, the data processing division can claim unique insights into the processing of the full range of OBN acquisition data.

Dryer believes that this will prove to be one of the company’s

strong suits. “We intend to build on our existing processing capability and experience and are already exploiting the value of cloud computing, machine learning and artificial intelligence,” he says.

“With our new link with Ikon Science, we also hope to provide unrivalled insights into seismic data covering onshore shale reservoirs, the potential of which has still to be properly explored.”

In identifying new multi-client opportunities, Dryer does not expect the company to stray very far from its traditional hunting grounds — the US onshore and offshore in the Gulf of Mexico.

Outside these areas, the permitting and regulatory environment often gets complicated.

Dryer sums up his hope for the future of the seismic business: “What we really need now is for the technology advances we are seeing in the seismic industry to result in a better image, more reservoir insights, reduced cycle time and, ultimately, greater profitability at lower risk for our clients. At that point, we will have a healthy and sustainable business.”